



*Financial Statements of*

**3231518 Canada Ltd.**

*December 31, 1999*

**Deloitte &  
Touche****Deloitte & Touche LLP**  
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## AUDITORS' REPORT

To the Members of the Legislative Assembly  
Province of Saskatchewan

We have audited the financial position of 3231518 Canada Ltd. as at December 31, 1999, and the statements of operations and deficit and of cash flows for the period then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1999, and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants

Regina, Saskatchewan  
May 19, 2000

**STATEMENT OF OPERATIONS AND DEFICIT****For the period ended December 31, 1999**

<b>Operating revenues</b>	<b>\$ 12,561</b>
<b>Operating expenses</b>	<b>768,107</b>
<b>Operating loss</b>	<b>(755,546)</b>
<b>Interest expense</b>	<b>10,978</b>
<b>Net loss, representing deficit at the end of the period</b>	<b>\$ (766,524)</b>

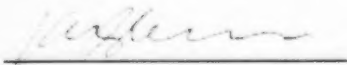
*See Accompanying Notes*

**STATEMENT OF FINANCIAL POSITION****As at December 31, 1999**

<b>Assets</b>	\$ -
<b>Liabilities</b>	
Due to Holdco (Note 3)	\$ 766,424
<b>Deficiency in assets</b>	
Share capital	
Authorized - unlimited class A common shares	100
Issued - 100 shares	
Deficit	(766,524)
	(766,524)
	\$ -

*See Accompanying Notes*

On behalf of the Board

  
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\_\_\_\_\_

**STATEMENT OF CASH FLOWS****For the period ended December 31, 1999****Operating activities**

Net loss	\$ (766,524)
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Cash used in operating activities	(766,524)
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**Financing activities**

Due to Holdco	766,524
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Cash provided by financing activities	766,524
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Change in cash	-
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Cash, beginning of period	-
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Cash, end of period	\$ -
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*See Accompanying Notes*

**Note 1 -- The Corporation**

3231518 Canada Ltd. (the Corporation) which operates under the trade name clickabid™ is incorporated under the laws of Canada. The Corporation is a wholly owned subsidiary of 604408 Saskatchewan Ltd., which is a wholly owned subsidiary of Saskatchewan Telecommunications Holding Corporation (Holdco). The Corporation was launched as a commercially available service on June 29, 1999 with the mandate of providing Internet based auction services. Prior to 1999, the Corporation was a non-operating entity with no assets or liabilities. The Corporation is dependent upon Holdco to provide additional funding as required.

The financial results of the Corporation are included in the consolidated financial statements of Holdco. As a wholly owned subsidiary of Holdco, a Saskatchewan Provincial Crown corporation, it is not subject to Federal or Provincial income taxes in Canada.

**Note 2 -- Summary of significant accounting policies**

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

**Operating revenues**

Internet auction fees and commissions are recognized upon expiration of the customer's auction term.

**Note 3 -- Due to Holdco**

Amounts due to Holdco bear interest at the Province of Saskatchewan ninety-day borrowing rate with no fixed repayment terms. Accordingly, the amount due has been classified as long-term.

**Note 4 -- Related party transactions**

Included in operating expenses is \$115,648 of management, operation and hosting fees charged by SaskTel for the operations and ongoing management of clickabid™.

**Note 5 -- Year 2000 Issue**

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.